

ORIGINAL

BEFORE THE RAILROAD COMMISSION OF THE STATE OF CALIFORNIA

In the matter of the application :
of the FRESNO-HANFORD & SUMMIT :
LAKE INTERURBAN RAILWAY COMPANY : Application No. 773.
for an order authorizing the is- :
suanee of preferred stock. :

E. P. Brown, for Applicant.

LOVELAND, Commissioner.

O P I N I O N

Under date of August 30, 1913, applicant was granted permission to issue its forty-year six per cent bonds in the sum of \$358,000.00 to be sold at 80, the proceeds to be devoted to the building of the first unit of its electric road from Fresno, California, to Selma, California.

In the hearing of Application No. 374, under which said bonds were authorized, applicant agreed at an early date to apply to this Commission for permission to issue its preferred stock, to be sold at par, for the purpose of retiring \$98,000.00 worth of bonds issued by said applicant before the effective date of the Public Utilities Act, the holders of said bonds agreeing to take said preferred stock at par and also to ask permission to issue preferred stock to care for current indebtedness in a small amount.

At the hearing of said Application No. 374, also, two of applicants principal stockholders, namely: Mr. W. D. Mitchell and Mr. Wylie M. Giffen, each agreed to subscribe for \$25,000.00 worth of the preferred stock of applicant at par, such subscription to be paid in time to be available to the building of the last five miles of the first unit of applicant's road.

Applicant now asks for permission to issue \$225,000.00 worth of preferred stock in shares of the par value of \$100.00 each, to bear interest at the rate of seven per cent, said interest

to be cumulative, and said shares to have no voting power and to be non-assessible.

The proceeds from the sale of said stock are to be used: (1) in retiring the \$98,000.00 worth of bonds above referred to; (2) the discharge of current indebtedness; and (3) to the completion of the financing of the first unit of applicant's road from Fresno to Selma.

Applicant presented to the Commission assurances that the holders of the bonds aggregating \$98,000.00 had agreed to exchange said bonds for preferred stock and this Order is made conditional upon such exchange.

It is unnecessary for the purposes of this Opinion and Order to go into the financial condition of applicant or the detailed description of the contemplated construction of its road, all of that having been thoroughly investigated and passed upon in Application No. 374 under which the bond issue was authorized.

In applying to the Commission at this time to issue preferred stock for the purposes mentioned, applicant is complying with its promise to the Commission made at the time Application No. 374, under which the bonds were authorized, was heard.

I recommend that the application be granted and that the Commission do not pass upon applicant's request that the preferred stock shall have no voting power and shall be non-assessible. If applicant have the right, under the law, to issue preferred stock bearing these limitations, the decision of this Commission is not necessary to the legality of the limitations, its permission being necessary only to the issue of the stock.

I recommend the following Order:-

ORDER

WHEREAS, under Application No. 374, the Opinion and Order in which are dated August 30, 1913, this Commission granted to the Fresno-Hanford & Summit Lake Interurban Railway Company

permission to issue bonds in the sum of \$358,000.00; and,

WHEREAS, applicant agreed at that time that it would soon make an application to the Commission to issue preferred stock for the purpose of retiring bonds issued and sold previous to the effective date of the Public Utilities Act for paying current indebtedness and for assisting in the completion of the first unit of applicant's road from Fresno to Selma; and,

WHEREAS, applicant has now made such application to issue \$225,000.00 worth of preferred stock, to be sold at not less than par, for the purposes above mentioned;

And the Commission finding that such purposes are just and proper;

IT IS HEREBY ORDERED: That the Fresno-Hanford & Summit Lake Interurban Railway Company be and it is hereby granted permission to issue preferred stock in the sum of \$225,000.00, to be sold at not less than par, the proceeds thereof to be devoted: (1) to the retirement of \$98,000.00 worth of bonds heretofore issued by applicant; (2) to the payment of current indebtedness; (3) to assist in completing applicant's first unit of its railway from Fresno to Selma; and for no other purposes.

Fresno-Hanford & Summit Lake Interurban Railway Company shall keep separate, true and accurate accounts showing the receipt and application in detail of the proceeds derived from the sale of said stock hereby authorized to be issued and on or before the twenty-fifth day of each month the company shall make a verified report to the Commission, in accordance with the Commission's General Order No. 24, stating the sale or disposition of such stock during the preceding month, the terms and conditions of such sale or other disposition, the moneys realized therefrom and the use and application of such moneys.

The authority hereby given to issue such stock shall

apply only to stock issued by said company on or before the 30th day of September, 1914.

The effectiveness of this Order is conditioned on the prior payment of the fee specified in Section 57 of the Public Utilities Act.

The foregoing Opinion and Order are hereby approved and ordered filed as the Opinion and Order of the Railroad Commission of the State of California.

Dated at San Francisco, California, this 6th day of October, 1913.

John M. Kahlman
Walter S. Howard
Edwin C. Edgerton

Commissioners.